

WHO'S MINDING THE CCA STORE??

(OR WHO SECRETLY LOANED \$25,000 OF YOUR CCA DUES MONEY
AT 5 1/2% INTEREST --- UNSECURED --- AND TO WHOM??)

December 1, 1982

Dear CCA Member:

During the last few days of June 1982, Dr. Robert Dark, CCA President and Dr. James Petrikin, the CCA Treasurer, conspired to secretly loan Mr. Charles Strauch \$25,000 of CCA funds, at a mere 5 1/2% interest, on a non-secured loan.

A CCA check was issued for \$25,000 payable to Mr. Strauch. The check was signed by Dr. Dark, CCA President and Dr. Petrikin, CCA Treasurer.

A private outside lawyer was obtained to draft the note, effectively bypassing the knowledgeable opinion of the CCA's own attorney, thereby keeping the matter a secret from him and everyone else. It has been learned that the outside lawyer is a relative of Dr. Dark's wife.

The loan was NOT approved by a vote of the CCA Executive Committee nor was the matter known by a majority of its members.

The loan was unknown by the full Board of Directors of the CCA until October 16, 1982, when a tiny footnote was discovered in the annual audit report of the CCA, on page seven, note number two, where it listed, "NOTE RECEIVABLE STOCKHOLDER." Upon pressing for full clarification of this listing, it was then and only then that we were told of the "loan" to Mr. Strauch. (Mr. Strauch is an employee and NOT a CCA stockholder.)

There followed an open discussion of the matter by the Board of Directors. The treasurer explained that other corporations loaned to their employees so he saw nothing wrong with his secret use of CCA dues money.

In what can only be regarded as a maneuver to keep you and the other members in the dark, the Board of Directors was called into Executive Session on Sunday, October 17, 1982 to further discuss the matter, without other members present.

After this secret session, the Board passed a motion of NON-APPROVAL of the "loan" and made two demands: 1) The loan be secured immediately with tangible assets; and 2) The loan be repaid as quickly as possible.

Several Societies have passed and are submitting resolutions calling for the discharge of the Executive Director and the recall of the CCA President and CCA Treasurer based upon the following charges: 1) Conspiracy to defraud, 2) malfeasance of office and 3) inability to manage Association funds.

It was reported recently that the current CCA Executive Committee voted discharge Charles Strauch. THIS IS NOT REASSURING. The previous Executive Committee voted earlier this year to discharge Mr. Strauch. Back in 1976, the Executive Committee voted to discharge Mr. Strauch. Yet today, Mr. Strauch continues in office as the CCA Executive Director.

The purpose of this communication to every CCA member is to make them aware of the facts and to ask each one to join in the call for the immediate discharge of Mr. Charles Strauch and the resignation of Dr. Dark as CCA President and Dr. Petrikin as CCA Treasurer and the forfeiture of their rights and privileges as past president and past treasurer of the CCA.

One doctor I know made a comment relative to the possibility of dropping the charges against the two CCA officers as a consideration that Mr. Strauch is in fact discharged and leaves immediately. He pointed out that all three parties to the loan are culpable, however there is a special blame that attaches to the two CCA officers by virtue of the fact that they are "one of us." They should, therefore, feel a greater loyalty to CCA members than one might expect from a non-DC employee. A most important point that may be overlooked by some who might feel inclined to let Dr. Dark finish his term as President, is the fact that he would then automatically be on the Executive Committee for the next year, and in so doing become chairman of the nominating committee.

Another doctor expressed the concern voiced in his Society that if Dr. Dark and Dr. Petrikin were allowed to quietly resign in return for dropping the charges against them that Dr. Dark might then claim membership on the next Executive Committee as the past president.

He feels that if their resignations did not include the specific forfeiture of all rights and privileges as past officers, that the recall petitions against the two should carry specific language stipulating that Dr. Dark, in addition to being recalled as CCA President would forfeit the automatic rights to become a member of the Executive Committee as the past president.

The integrity of the California Chiropractic Association (being the largest) reflects on all members of the profession. It is important that we not only get our house in order, but also there is a definite need for the CCA Board of Directors to approve a special committee to thoroughly investigate CCA expenditures. This need becomes very evident when one examines the statement of RED revenues, expenses and fund balances for the fiscal years ending 1981 and 1982.

You may be asking, "I'm only one member -- what can I do?" Let me explain. CCA President, Dr. Dark has called a special last minute board meeting "on other matters" for this Sunday, December 5, 1982 at the Hyatt Hotel at Los Angeles International Airport.

Naturally, this whole matter has been conveniently left off the agenda which means it cannot be discussed.

If you also disapprove of what is happening please call and instruct your CCA Director to vote to amend the agenda to include the following:

1. Establish the full role of the Executive Director in the loan negotiations, establish the authority to repay loan at less than personal loan rates, determine the degree of culpability and then determine if Mr. Strauch has further value to the Association.
2. Determine the role of each member of the CCA Executive Committee in the loan and its repayment, determine possible conspiracy to fraud, determine if malfeasance is an issue and then determine if offices should be vacated for the good of the Association.
3. Establish proper fiscal controls to assure proper use of CCA dues money.

Only by this action can we once again clear our good name. I urge you to call your CCA Director today.

Thank you very much.

Sincerely yours,

Joseph J. Kehoe D.C.

Joseph J. Kehoe, D.C.
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California Chiropractic Association

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Office of the President

October 17, 1983

Leonard J. Savage, D. C.
12412 Ventura Boulevard
Studio City, California 91604

Dear Dr. Savage,

I would like to extend an invitation to you, as the ACA Governor for District 7, to address the CCA Board of Directors at the October 29 and 30 meeting.

Specifically, I would like you to address the "loan" that was rendered by the ACA to a union representative (see attached). Questions to consider would include:

1. Who authorized the loan?
2. Is the loan secured?
3. Is there a loss to the corporation?
4. Is there a repayment schedule including interest?
5. When were you informed of the loan; when did you become aware of the alleged interest of the FBI and other agencies?

Other topics related to this issue would be welcomed. I would appreciate limiting your remarks to 15 minutes exclusive of questions and answers. If you are unable to make the meeting, I would appreciate your contacting an alternate for the presentation and inform the CCA office accordingly.

Sincerely,

R. Lloyd Friesen, D. C.
President

RLF:mm

Attach.

cc Lowry R. Morton, D. C. - ACA Delegate
Howard J. Essegian, D. C. - ACA Delegate
Executive Committee
Board of Directors
Society Presidents

for your info

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U.S. Federal District Court Judge George
Pratt. The trial originally was scheduled to
begin June 27, but has been postponed
until all information is gathered

Chiropractors' loan probed

A federal investigation into the pres-
idential election of the United Mine
Workers (UMW) last November is ex-
amining \$10,000 in financial help given to
the UMW President Sam Church Jr. by the
American Chiropractic Assn.

Martin J. McNamara, an attorney who
represents the association, confirmed a
report that appeared in the *Louisville
Courier Journal* that the FBI has ques-
tioned the association about a \$10,000
loan it made last year to finance a Church
mailing two months before the election.

McNamara said the association had
helped Church because he already was on
record in favor of stronger enforcement of
state insurance equality laws designed to
prevent "discrimination" against chiro-
practors by insurance companies.

Church lost the UMW election by a
large margin.

McNamara said that the interest-free
loan the association had given the Church
campaign was to be repaid in two weeks,
but that the full amount was still owed.

The check for the loan was made pay-
able to a private printing and mailing firm,
and the firm was supposed to have made
the repayment. A check the firm sent in
repayment to the association was re-
turned for insufficient funds, McNamara
said.

THE FBI IS investigating whether the
transaction could be a violation of a
federal law that makes it a crime for union
personnel to receive a fee, kickback, loan,
or "thing of value" in return for influenc-
ing or intending to influence a union's
health or retirement plan.

Currently, the health benefits provision
of the UMW contract does not cover
chiropractic care, and chiropractors long
have been interested in getting that
changed, according to the story in the
Louisville paper.

McNamara said the loan was not con-
tingent on Church making any such ef-
fort, and that association personnel never
had talked to Church himself.

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Dental benefits introduced

The Equitable Life Assurance Society
has developed a "Health Care Cost Man-
agement (HCM) program designed to
protect employees against what company
officials call "unnecessary" medical
treatment, while providing the insured
with high quality services.

The first of the HCM portfolio to be
introduced is Active Dental Care, a flexi-
ble dental benefits program and a sys-
tematic professional review program.

Data from the bureau of labor statistics
show that dental insurance is one of the
fastest growing employee benefits now
offered. Dental insurance premiums rose
an average of 7% to 9% last year, and
continued reduced patient flow and
higher overhead charges will have most
dental insurance plan providers paying
more for the coverage in the future.

A survey by the Health Insurance Assn.
of America showed that New York City
had the biggest dental fee increases,
while St. Louis had the smallest increases
of the seven metropolitan areas surveyed.

Other trends indicate that dental ser-
vice coverage is beginning to incorporate
experimental coverage programs now
associated with medicine. In Denver,
Connecticut General Life Insurance Co.,
an affiliate of CIGNA Corp., has com-
bined with United Dental Network to
establish one of the country's first
preferred provider organizations (PPO)
for dentistry in the country. The PPO
includes 13 Denver-area dentists who will
charge Connecticut General patients no
more than amounts determined by the
insurer to be 15% less than the most
common charges in the area.